

**Saudi Real Estate Company and its Subsidiaries**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS  
ENDED JUNE 30, 2024**  
**AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

# **Saudi Real Estate Company and its Subsidiaries**

**(A Saudi Joint Stock Company)**

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## **Interim condensed consolidated financial statements (unaudited)**

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**Independent Auditor's review report on the interim condensed consolidated financial statements****(1/2)**

**To the Shareholders of  
Saudi Real Estate Company  
(A Saudi Joint Stock Company)  
Riyadh – Kingdom of Saudi Arabia**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Real Estate Company ("the Company") and its subsidiaries (together "the Group") as at June 30, 2024 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three - months and six -months period then ended on June 30, 2024 and interim condensed consolidated statements of changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards in Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**Emphasis of Matters**

We draw attention to note (6-A) to the interim condensed consolidated financial statements for the period ended June 30, 2024, as stated therein, certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study from specialized committees to resolve these matters. The management is currently communicating with the related government agencies and committees to address these reasons to allow the use of these lands. The impact on the net recoverable value of these lands is still uncertain and depends on the final results of the study by the assigned committees. The carrying value of these lands amounted to SR 438 million as of June 30, 2024 (December 31, 2023: SR 438 million).

**Independent Auditor's review report on the interim condensed consolidated financial statements (Continued)**

(2/2)

To the shareholders of  
Saudi Real Estate Company  
(A Saudi Joint Stock Company)  
Riyadh – Kingdom of Saudi Arabia

**Emphasis of Matters (Continued)**

Also We draw attention to note (6-B) to the interim condensed consolidated financial statements for the period ended June 30, 2024, as stated therein, it has come to management's attention that the land which was designated for the Al Widyan project is located within an area that is currently under study by the relevant government agencies with the aim of developing it, which may result into a substantial change to the original project's plan and may impact the land's recoverable value. The effect of the extent of this study remains uncertain and is dependent on finalizing the study and future development by the government agencies' plan. The carrying value of the land as at June 30, 2024 amounted to SR. 2.6 billion (December 31, 2023: SR 2.6 billion), while the value of capital work in progress related to that project as at June 30, 2024 amounted to SR. 326 million (December 31, 2023: SR. 326 million, respectively).

No modified conclusion has not been expressed in respect of the above matters.

Riyadh: 6 august, 2024  
2 Safar, 1446 H

**FOR EL SAYED EL AYOUTY & CO.**

**Abdullah Ahmad Balamash**  
Certified Public Accountant  
License No. (345)

# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Interim condensed consolidated statement of financial position as at June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment – net		32,284	30,004
Investments properties – net	6	5,423,366	5,434,166
Intangible assets – net		8,410	10,437
Investment in an associate and joint venture	5	309,096	295,349
Investments in equity instruments held at FVOCI		367,363	366,397
Right-of-use assets		136,177	136,855
Developed properties – non-current portion	7	595,911	426,134
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,872,607</b>	<b>6,699,342</b>
<b>CURRENT ASSETS</b>			
Developed properties	7	997,492	975,744
Trade receivables		122,461	138,050
Prepaid expenses and other debit balances		257,244	239,793
Inventories		13,616	20,446
Cash and cash equivalents		798,411	837,669
<b>TOTAL CURRENT ASSETS</b>		<b>2,189,224</b>	<b>2,211,702</b>
<b>TOTAL ASSETS</b>		<b>9,061,831</b>	<b>8,911,044</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	3,750,000	3,750,000
Share premium		222,700	222,700
Statutory reserve		720,000	720,000
Contractual reserve		10,051	10,051
Other reserves		114,242	113,276
Accumulated losses		(78,520)	(67,248)
<b>Equity attributable to equity holders of the parent company</b>		<b>4,738,473</b>	<b>4,748,779</b>
Non-controlling interests		162,123	134,016
<b>TOTAL EQUITY</b>		<b>4,900,596</b>	<b>4,882,795</b>
<b>NON-CURRENT LIABILITIES</b>			
Term loans	9	2,068,462	2,068,462
Loan from Ministry of Finance	10	836,470	914,889
Lease liabilities		149,638	147,033
Employees' defined benefit obligations		36,872	31,748
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,091,442</b>	<b>3,162,132</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		156,483	128,879
Accrued expenses and other credit balance		305,845	281,199
Unearned revenue		269,066	220,460
Loan from Ministry of Finance – current portion	10	150,303	143,768
Short term loan	9	100,000	-
Lease liabilities - current portion		5,852	5,852
Zakat provision	11	82,244	85,959
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,069,793</b>	<b>866,117</b>
<b>TOTAL LIABILITIES</b>		<b>4,161,235</b>	<b>4,028,249</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,061,831</b>	<b>8,911,044</b>

  
Chief Financial Officer

  
Acting Chief Executive Officer

Chairman

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

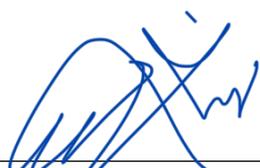
# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Interim condensed consolidated statement of profit or loss for three and six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

	Note	For the three-month period from April 1 to June 30		For the six-month period from January 1 to June 30	
		2024	2023	2024	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue		382,326	355,474	809,904	748,447
Cost of revenue		(257,027)	(318,807)	(555,529)	(583,512)
<b>Gross profit</b>		<b>125,299</b>	36,667	<b>254,375</b>	164,935
General and administration expenses		(49,416)	(42,771)	(93,128)	(81,190)
Selling and marketing expenses		(17,593)	(16,993)	(25,189)	(28,352)
<b>Operating profit / (loss)</b>		<b>58,290</b>	(23,097)	<b>136,058</b>	55,393
Finance charge		(59,291)	(58,715)	(124,890)	(116,224)
Share in profit of an associate and joint venture	5	7,711	6,457	10,772	9,280
Dividends on investments held at FVOCI		1,642	1,516	1,642	1,516
Other income		11,069	10,472	28,436	18,547
<b>Profit / (loss) before zakat</b>		<b>19,421</b>	(63,367)	<b>52,018</b>	(31,488)
Zakat		(7,008)	(7,339)	(15,183)	(14,980)
<b>Net profit / (loss) for the period</b>		<b>12,413</b>	(70,706)	<b>36,835</b>	(46,468)
<b>Profit / (loss) attributable to:</b>					
Shareholders of the parent company		(14,190)	(82,517)	(11,272)	(73,651)
Non-controlling interest		26,603	11,811	48,107	27,183
		<b>12,413</b>	(70,706)	<b>36,835</b>	(46,468)
<b>Basic and diluted loss per share from the net loss for the period attributable to the Shareholders of the parent company (Saudi Riyals)</b>	12	<b>(0.04)</b>	(0.22)	<b>(0.03)</b>	(0.20)



Chief Financial Officer



Acting Chief Executive Officer

Chairman

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

## Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

### Interim condensed consolidated statement of other comprehensive income for three and six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

	Note	<u>For the three-month period from</u> <u>April 1 to June 30</u>		<u>For the six-month period from</u> <u>January 1 to June 30</u>	
		<u>2024</u> <u>(Unaudited)</u>	<u>2023</u> <u>(Unaudited)</u>	<u>2024</u> <u>(Unaudited)</u>	<u>2023</u> <u>(Unaudited)</u>
<b>Net profit / (loss) for the period</b>		<b>12,413</b>	(70,706)	<b>36,835</b>	(46,468)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of zakat):</i>					
Net change in fair value of investments in equity instruments held at FVOCI		(26,260)	42,017	966	42,017
Share in other comprehensive income of an associate	5	-	-	-	(530)
<b>Other comprehensive income / (loss) for the period</b>		<b>(26,260)</b>	42,017	<b>966</b>	41,487
<b>Total other comprehensive income / (loss) for the period</b>		<b>(13,847)</b>	(28,689)	<b>37,801</b>	(4,981)
<b>Total comprehensive income / (loss) for the period attributable to:</b>					
Shareholders of the parent company		(40,450)	(40,500)	(10,306)	(32,164)
Non-controlling interest		26,603	11,811	48,107	27,183
		<b>(13,847)</b>	(28,689)	<b>37,801</b>	(4,981)

Chief Financial Officer

Acting Chief Executive Officer

Chairman

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Interim condensed consolidated statement of changes in equity for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

	Equity attributable to equity holders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Share Premium	Statutory reserve	Contractual reserve	Other reserves	Accumulated losses			
As at January 1, 2023 (Audited)	3,750,000	222,700	720,000	10,051	39,846	(134,882)	4,607,715	85,563	4,693,278
Net loss for the period	-	-	-	-	-	(73,651)	(73,651)	27,183	(46,468)
Other comprehensive income	-	-	-	-	41,487	-	41,487	-	41,487
Total comprehensive loss for the period	-	-	-	-	41,487	(73,651)	(32,164)	27,183	(4,981)
The non-controlling interest's share of a subsidiary's dividends	-	-	-	-	-	-	-	(12,000)	(12,000)
Balance as at June 30, 2023 (Unaudited)	<u>3,750,000</u>	<u>222,700</u>	<u>720,000</u>	<u>10,051</u>	<u>81,333</u>	<u>(208,533)</u>	<u>4,575,551</u>	<u>100,746</u>	<u>4,676,297</u>

	Equity attributable to equity holders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Share Premium	Statutory reserve	Contractual reserve	Other reserves	Accumulated losses			
As at January 1, 2024 (Audited)	3,750,000	222,700	720,000	10,051	113,276	(67,248)	4,748,779	134,016	4,882,795
Net profit for the period	-	-	-	-	-	(11,272)	(11,272)	48,107	36,835
Other comprehensive income	-	-	-	-	966	-	966	-	966
Total other comprehensive income for the period	-	-	-	-	966	(11,272)	(10,306)	48,107	37,801
The non-controlling interest's share of a subsidiary's dividends	-	-	-	-	-	-	-	(20,000)	(20,000)
Balance as at June 30, 2024 (Unaudited)	<u>3,750,000</u>	<u>222,700</u>	<u>720,000</u>	<u>10,051</u>	<u>114,242</u>	<u>(78,520)</u>	<u>4,738,473</u>	<u>162,123</u>	<u>4,900,596</u>



Chief Financial Officer



Acting Chief Executive Officer

Chairman

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

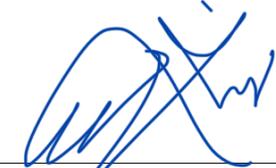
# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Interim condensed consolidated statement of cash flows for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit / (loss) / before zakat	52,018	(31,488)
<b>Adjustments to reconcile income for the period before zakat to net flow cash generated from operating activities:</b>		
Depreciation of properties, equipment, investment properties and right-of-use assets	34,184	32,345
Amortization of intangible assets	2,027	2,027
Provision for employees' defined benefit obligations	8,712	3,474
Finance charge	124,890	116,224
Share in profit of an associate and joint venture	(10,772)	(9,280)
	<b>211,059</b>	<b>113,302</b>
<b>Working capital adjustments:</b>		
Trade receivables	15,589	(21,366)
Prepaid expenses and other debit balance	(17,451)	(130,671)
Inventories	6,830	17,249
Developed properties	(191,525)	(98,142)
Trade payables	27,604	47,206
Accrued expenses and other credit balance	24,646	25,747
Unearned revenue	48,606	66,420
Contract liabilities, net	-	(3,018)
<b>Cash flows from operating activities</b>	<b>125,358</b>	<b>16,727</b>
Employees' defined benefit obligations paid	(3,588)	(1,267)
Finance charge paid	(122,285)	(113,686)
Zakat paid	(18,898)	(17,298)
<b>Net Cash flows used in operating activities</b>	<b>(19,413)</b>	<b>(115,524)</b>
<b>Cash flows from investing activities:</b>		
Payments to acquire intangible assets		(216)
Payments to acquire properties, equipment and investment properties	(24,986)	(57,658)
Payments to acquire a share in a joint venture	(2,975)	-
<b>Net Cash flows used in investing activities</b>	<b>(27,961)</b>	<b>(57,874)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from banks for short-term loan	100,000	-
Amounts paid against loan from Ministry of Finance	(71,884)	(65,349)
Non-controlling interest's share of a subsidiary's dividends	(20,000)	(12,000)
<b>Net cash flows generated from / (used in) financing activities</b>	<b>8,116</b>	<b>(77,349)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(39,258)</b>	<b>(250,747)</b>
Cash and cash equivalents at the beginning of the period	837,669	1,170,541
<b>Cash and cash equivalents at the end of the period</b>	<b>798,411</b>	<b>919,794</b>



Chief Financial Officer



Acting Chief Executive Officer

Chairman

The accompanying notes from (1) to (16) form an integral part of these interim condensed consolidated financial statements.

# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

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## Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

### 1. GENERAL

#### 1.1. CORPORATE INFORMATION

Saudi Real Estate Company (the "Company" or the "Parent Company") is a Saudi Joint Stock Company, whose shares are publicly traded on the Saudi Stock Exchange. The Company was established pursuant to Royal Decree number M/58 dated 17 Rajab 1396H (corresponding to 15 July 1976), registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010012539 dated 17 Jumada al-Akhirah 1397H (corresponding to 4 June 1977). The Company's head office address is Olaya Road, P.O. Box 3572, Riyadh 11481, Kingdom of Saudi Arabia. The Company's duration is 130 Gregorian years and it started from the date of issuing the commercial registration, it could always be extended by the unusual General Assembly resolution before the duration ends by one year.

The major shareholder of the Company and its subsidiaries (the "Group") is the Public Investments Fund (PIF) which owns 64.57% of the Group's shares, while the remaining shares, which represent 35.43%, are owned by several shareholders with less than 5% ownership.

#### 1.2. Fiscal year

The Company follows the Gregorian calendar as its fiscal year so that the fiscal year begins on January 1 and ends on December 31 of the same year.

These interim condensed consolidated financial statements have been prepared to cover the six-month period from January 01, 2024 to June 2024 (the six-month period ended 30 June 30, 2024). The interim condensed consolidated financial statements should be read in conjunction with the last annual consolidated financial statements of the Group, the fiscal year ending on December 31, 2023.

#### 1.3. The Company's major activities

The Company is engaged in ownership of land suitable for construction and development, construction of residential and commercial buildings, for the purpose of selling or leasing out and providing project management services, purchase, production, necessary materials and equipment for construction and all related works.

#### 1.4. New Companies Law

On January 16, 2023, corresponding to Jumada Al-Akhir 23, 1444H, and based on the resolution of the Minister of Commerce No. (284), the executive regulations for the new Companies' Act were issued, and on January 19, 2023, corresponding to Jumada Al-Akhir 26, 1444H, the new Companies' Act issued by Royal Decree No. (M / 132) entered into force, with a two-year grace period for its implementation. The company's management is in the process of make the necessary amendments to the Article of Association as required by the new Companies' Act and its executive regulations.

#### 1.5. Subsidiaries

The interim condensed consolidated financial statements include the accounts of the Parent Company and the following subsidiaries, which are fully incorporated and operate in the Kingdom of Saudi Arabia:

# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

### 1. CORPORATE INFORMATION (CONTINUED)

#### 1.5. Subsidiaries (Continued)

<u>Name</u>	<u>Principal activities</u>	<u>Year of incorporation</u>	<u>Ownership percentage</u>	
			<u>June 30, 2024</u>	<u>December 2023</u>
Saudi Real Estate Construction Company (A)	Constructions & maintenance	2016	100%	100%
Saudi Real Estate Infrastructure Company (B)	Constructions & maintenance	2017	60%	60%
Saudi Korean Company for Maintenance and Properties Management (C)	Maintenance and operation	2017	60%	60%
Al Widyān Saudi Real Estate Company (D)	Developing Al Widyān project	2018	100%	100%
Alinma Alakaria Real Estate Fund (E)	Development of real estate	2019	100%	100%
Hodood Real Estate Investment Company (F)	Not commenced its activities	2022	100%	100%

**(A)** Saudi Real Estate Construction Company is a closed joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010466367 dated 15 Rabi Al Awal 1438H (corresponding to 14 December 2016). The Company is engaged in buildings construction and maintenance, construction projects management, detailed engineering designing, purchasing materials and executing the projects.

**(B)** Saudi Real Estate Infrastructure Company is a closed joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010469561 dated 6 Rajab 1438H (corresponding to 3 April 2017). The Company is engaged in road, bridge, and tunnel works, earthworks, and construction, extension, cleaning, maintenance and operation of water, sewerage and drainage networks. Also, construction, extension, and maintenance of distribution networks and stations for electrical power and gas, and telecommunication networks and communication towers, construction and maintenance of public parks and irrigation systems, dam construction and maintenance and sale of prefabricated concrete.

**(C)** Saudi Korean Company for Maintenance and Properties Management is a mixed liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010612687 dated 11 Safar 1439H (corresponding to 31 October 2017). The Company is engaged in operation and maintenance of buildings in accordance with the license issued from the General Investment Authority number (10214381076997) dated 29 Shawwal 1438 (corresponding to 23 July 2017).

**(D)** Al Widyān Saudi Real Estate Company is a closed joint stock company sole owner registered in the Kingdom of Saudi Arabia under commercial registration number 1010455071 dated 16 Thul-Qi'dah 1439H (corresponding to 29 July 2018). The Company is engaged in electricity work, gardens and parks maintenance, building construction, maintenance and operation of buildings, maintenance works, the operation of water and sanitation networks, the construction of roads, the construction of bridges, the construction of tunnels, the purchase, sale and lease of land and real estate, development and real estate investment activities, maintenance and operation of hospitals, medical centers and government and private clinics.

**(E)** Alinma Alakaria Real Estate Fund is a private fund created by an agreement between Inma for Investment (the "Fund Manager") a subsidiary of Alinma Bank and investors ("unit holder") in the Fund according to Shariah standards and controls approved by the Shariah Board of the Fund Manager. The principle investment objective of the Fund is to provide investors with capital growth over the medium and long-term by investing primarily in the real estate and related sectors in the Kingdom of Saudi Arabia. The Fund has appointed Al Inma Bank to act as its custodian, administrator and registrar of the Fund. The Fund was established on 25 Jumada Al-Ula 1440H (corresponding to 31 January 2019) as per approval from the Capital Market Authority (CMA). The terms and conditions of the Fund were issued on 25 Jumada Al-Ula 1438H (corresponding to 31 January 2019). During 2020, the Group has signed an agreement to terminate and liquidate the Fund. During 2022, all assets of Fund has been transferred Hodood Real Estate Investment Company. The Group's management is in the process of completing all the legal procedures for liquidating the Fund.

# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

### 1. CORPORATE INFORMATION (CONTINUED)

#### 1.5. Subsidiaries (Continued)

(F) Hodood Real Estate Investment Company (sole owner limited liability company wholly owned by the Parent Company) with a capital of 10,000 Saudi Riyals. It was established during October 2022 under commercial registration number 101836057 dated on 24 October 2022 (corresponding to 28 Rabi' Al-Awwal 1444H) issued in Riyadh. Saudi Real Estate Company is engaged in transferring the title deeds of Alinma Alakaria Real Estate Fund to Hodood Real Estate which is fully owned by Parent Company.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia ("KSA") and other pronouncements that are issued by SOCPA.

The interim condensed consolidated financial statements should be read in conjunction with the last annual consolidated financial statements of the Group, for the year ended on 31 December 2023. The interim condensed consolidated financial statements do not include all the information and disclosures required to prepare annual consolidated financial statements in accordance with International Financial Reporting Standards but selected explanatory notes have been included to indicate material events and transactions to understand the changes in the financial position and financial performance of the Group since 31 December 2023. The Interim period is an integral part of the full fiscal year however, the results of the interim period operations may not be a fair indication of the results of the full year operations.

#### 2.2. Basis of measurement

The interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, going concern concept under the historical cost basis, except for investment in equity instruments designated at FVOCI and employees end of service benefits are recognized at the present value of future obligations using the Projected Unit Credit Method.

#### 2.3. Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Group. All values are rounded to the nearest thousand, unless otherwise indicated.

#### 2.4. Use of estimates and judgments

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant estimates made by management when applying the Group's accounting policies and significant sources of estimation uncertainty are not materially different from those disclosed in the most annual consolidated financial statements.

#### 2.5. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023 as mentioned in (note 1.5). Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed risks, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee

# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

### 2. BASIS OF PREPARATION (CONTINUED)

#### 2.5. BASIS OF CONSOLIDATION (CONTINUED)

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

3. The contractual arrangement with the other vote holders of the investee
4. Rights arising from other contractual arrangements
5. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the three elements of control. Consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of subsidiaries acquired or disposed during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the investee.

Income or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation of the interim condensed consolidated financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the interim condensed statement of income. Any investment retained is recognised at fair value.

### 3. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

### 4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

There are no new standards released during the period however, several amendments applied for the first time in 1 January 2024, which are detailed in the Consolidated Financial Statements as at 31 December 2023 but have no material effect on the Group's interim condensed consolidated financial statements, these amendments did not require a change in accounting policies or retroactive adjustments as a result of the application of these amended Standards to the Group's interim condensed consolidated financial statements as at 30 June 2024.

### 5. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURE

The Group owns 16.67% interest in Riyadh Holding Company, a limited liability company registered in the Kingdom of Saudi Arabia. The Group's interest in the associate is accounted for using the equity method in these consolidated financial statements, as the Group has significant influence on the associate.

During year ended December 31, 2023, the Group entered into, through one of its subsidiaries, joint venture agreement with InfraRoad Contracting Company Ltd. to acquire 50% of equity amounting to SR 25 thousand which represents the carrying amount of the investment as at 31 December 2023. During the six-month period ended 30 June 2024, an additional amount was invested in the joint venture while maintaining the same ownership interest, so that the Group's share in the carrying value of the investment in the joint venture as at the date of the interim condensed consolidated statement of financial position became SR. 3 million.. Joint venture activity is represented performing infrastructure works for Qiddiya project located in Riyadh, Kingdom of Saudi Arabia.

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### 5. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURE (CONTINUED)

Joint venture started its operations during last quarter for the year 2023. The following table illustrates the summarised financial information of the Group's investment in Riyadh Holding Company and joint venture agreement:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At the beginning of the period/year	295,349	278,014
Additions	2,975	25
Share of the company on the profits for period / year	10,772	19,759
Share of other comprehensive income for period / year	-	7,550
Dividends received for period/year	-	(9,999)
At the end of the period / year	<u>309,096</u>	<u>295,349</u>

### 6. INVESTMENT PROPERTIES

Investment properties are stated at cost less depreciation and accumulated impairment. At the end of each fiscal year, the fair value of real estate investments is measured according to the evaluation process carried out by independent evaluators accredited by the Saudi Authority for Accredited evaluators.. All of the Company's assets are located in the Kingdom of Saudi Arabia. The following is the carrying value of the assets constituting investment properties as of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Lands	3,838,699	3,838,699
Buildings	821,252	842,252
Decoration and fixture	267,811	277,297
Capital work-in-progress	495,604	475,918
At the end of the period / year	<u>5,423,366</u>	<u>5,434,166</u>

### 6. INVESTMENT PROPERTIES (CONTINUED)

Investment properties include some building constructed on a land leased from the Royal Commission for Riyadh City under lease contracts ranging from 28 to 99 years. It also includes certain lands having carrying value of SR 3 billion are pledged against an Islamic loan from a local bank that is compatible with the provisions of the Sharia Committee of the bank.

#### 6-A. Lands not available for used

Certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study from specialised committees to resolve these matters. The management is currently communicating with the related government agencies and committees to address these reasons to allow the use of these lands. The impact on the net realisable value of these lands is still uncertain and depend on the final results of the study by the assigned committees. In any case, the management do not expect to incur losses related to this matter. The carrying value of these lands amounted to SR. 438 million as of June 30, 2024 (December 31, 2023: SR. 438 million).

#### 6-B. Al Widyan project

During 2021, it came to management's attention that the land which was designated for the Al Widyan project is located within an area that is currently under study by the relevant government agencies with the aim of developing it, which may result into a fundamental change to the original project's plan and may impact the land's realisable value. The effect of the extent of this study remains uncertain and dependent on future developments by the relevant government agencies' plan. The management do not expect to incur losses related to this matter. The carrying value of land and capital work-in-progress as at June 30, 2024, amounted to SR. 2.6 billion and SR. 326 million respectively (December 31, 2023: SR. 2.6 billion and SR. 326 million respectively).

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## Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024

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### 7. DEVELOPED PROPERTIES

The following is movement of developed properties and ready-to-sale for customers during period / the year ended at:

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
At the beginning of the period / year	<b>1,401,878</b>	992,035
Additions during the period / year	<b>200,430</b>	419,795
Cost of sales during period / year	<b>(8,905)</b>	(9,952)
	<b>1,593,403</b>	1,401,878

The table below shows the classification of the developed properties between current and non-current:

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Current portion	<b>997,492</b>	975,744
Non-current portion	<b>595,911</b>	426,134
	<b>1,593,403</b>	1,401,878

- The developed properties are stated at the lower of cost or net realizable value. Developed properties are classified as current if completed or expected to be completed within 12 months, otherwise, they are classified as non-current.

### 8. SHARE CAPITAL

As at June 30 2024 and 31 December 2023 the Company's share capital amounting to SR 3,750 million and is divided into 375 million shares of SR 10 each.

### 9. BANK LOAN

During 2016, the Company obtained loan from a local bank. In June 2022, the Company rescheduled the loan for the second time, provided that the loan principal amounting to 2.068 billion Saudi riyals will be repaid in equal semi-annual instalments over eight years after a four-year grace period from the date of the rescheduling agreement, so that the first instalment will be paid on December 2026 and the last instalment is paid on June 2034, provided that the loan is subject to prevailing commission rates among Saudi banks (SIBOR) plus an agreed profit margin, and the company has mortgaged a piece of land in exchange for the long-term loan granted to it.

During the period ended 30 June 2024, the Group obtained a short-term loan from a local bank that amounted to SR. 100 million secured by promissory note. The loan is repayable one time at the end of the agreement period at the end of September 2024. This loan is subject to a commission according to the prevailing Saudi Interbank Offered Rates (SIBOR) plus a profit margin.

# Saudi Real Estate Company and its Subsidiaries

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## Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

### 10. LOAN FROM MINISTRY OF FINANCE

The following is a summary of the movement of the loan during the period / year:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At the beginning of the period / year	1,058,657	1,189,355
Paid during the period / year	(71,884)	(130,698)
At the end of the period / year	986,773	1,058,657

The balance of the loan from Ministry of Finance has been classified under current and non-current liabilities according to the instalment payment dates as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion	836,470	914,889
Non- current portion	150,303	143,768
	986,773	1,058,657

### 11. ZAKAT AND TAX

The movement in provision for Zakat and tax for the period / year is as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At the beginning of the period / year	85,959	74,013
Charge for the period / year	15,183	29,342
Paid during the period / year	(18,898)	(17,396)
At the end of the period / year	82,244	85,959

#### Zakat assessments

The Group submitted its Zakat assessments for all years up to 2023 and paid the obligations accordingly, and obtained a zakat certificate valid until April 30, 2025. The Company finalized its zakat status with ZATCA until 2015.

ZATCA has issued a zakat assessment for the years from 2016 to 2020, and claimed the Company to pay the differences amounting to SR 54 million. The Company submitted its objection to these differences to ZATCA within the statutory period. ZATCA has rejected the Company's objections for those years, and the objection has been raised to Tax Violations and Disputes Resolution Committee "TVDRC", and no resolution is issued.

On March 13, 2023, the Company submitted a proposal, based on ZATCA request, and it was studied by Zakat and Tax Dispute Settlement Committee, which in turn, after a series of deliberations and discussions, presented a response to the Company's settlement proposal, but the Company did not accept it. Therefore, it resumed once again the process of lawsuits related to the zakat assessment for the year from 2016 to 2020 before the Tax and Zakat Committees, and awaiting the issuance of a final decision.

# Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

## Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024

(In Saudi Riyals Thousands, unless otherwise indicated)

### 12. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to the parent company's shareholders by the weighted average number of shares outstanding during the period.

The following table shows the loss for the period and the shares used in calculating basic and diluted loss per share for the three and six months ended June 30:

	For the three-month period ended on June 30		For the six-month period ended on June 30	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to equity holders of the Parent Company	(14,190)	(82,517)	(11,272)	(73,651)
Weighted average number of share outstanding	375,000	375,000	375,000	375,000
Loss per share for the period				
Basic loss per share	(0.04)	(0.22)	(0.03)	(0.20)
Diluted loss per share	(0.04)	(0.22)	(0.03)	(0.20)

### 13. SEGMENTAL INFORMATION

For management purposes, the Group consists of business units based on its products and services and has six reportable segments, as follows:

- A) Rental sector
- B) Property sales sector
- C) Infrastructure projects sector
- D) Construction projects sector
- E) Facility management sector
- F) Head office

Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. However, the Group's financing (including finance costs) are managed on a Group basis and are not allocated to operating and revenue segments.

The activities of the Group and its subsidiaries are primarily conducted in the Kingdom of Saudi Arabia.

Below is a breakdown of the segment information:

<u>June 30, 2024</u>	<u>Rental</u>	<u>Property sales</u>	<u>Infrastructure projects</u>	<u>Construction projects</u>	<u>Facility management</u>	<u>Head office.</u>	<u>Total</u>
Revenue	166,400	78,491	495,301	46,192	23,520	-	809,904
Operating cost	82,310	47,990	364,982	50,944	9,303	-	555,529
Total Assets	-	-	859,631	111,194	49,231	8,041,775	9,061,831
<u>June 30, 2023</u>	<u>Rental</u>	<u>Property sales</u>	<u>Infrastructure projects</u>	<u>Construction projects</u>	<u>Facility management</u>	<u>Head office.</u>	<u>Total</u>
Revenue	139,015	141,655	407,245	38,935	21,597	-	748,447
Operating cost	74,892	87,424	328,894	81,120	11,182	-	583,512
<u>At December 31, 2023</u>							
Total Assets	-	-	593,314	70,375	43,725	8,203,630	8,911,044

# **Saudi Real Estate Company and its Subsidiaries**

(A Saudi Joint Stock Company)

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## **Notes to interim condensed consolidated financial statements for six months period ended June 30, 2024**

(In Saudi Riyals Thousands, unless otherwise indicated)

### **14. RECLASSIFICATION OF COMPARATIVE FIGURES**

Certain comparative figures for the prior financial period have been reclassified to conform with the presentation of the current period figures.

### **15. SUBSEQUENT EVENTS**

The management believes that there are no significant subsequent events after the date of the interim condensed consolidated financial statements on June 30, 2024, that may have a material impact on them.

### **16. APPROVAL OF THE FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved and authorized for issue on Safar 02, 1446H (corresponding to August 06, 2024) by the Audit Committee under authorization from the Board of Directors.